

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
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-----075819 241553Z /40

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EIAR, UK

SUBJECT: CIVAIR - SHANWICK OCEANIC CHARGES

REF: A) STATE 071419 B) LONDON A-301 C) STATE 123636

1. THE CIVIL AVIATION AUTHORITY (CAA) INCREASED ITS SHANWICK OCEANIC AIR TRAFFIC CONTROL (ATC) CHARGES TO 36 PER FLIGHT AS OF 1 JANUARY 1977. THIS LAST INCREASE IS NOW FIVE TIMES THE ORIGINAL 7 CHARGE WHICH WAS IN EFFECT FROM NOVEMBER 1, 1971 UNTIL APRIL 1, 1974. PAN AM (PA), TWA AND SEABOARD (SWB) HAVE PROTESTED THE LATEST INCREASE, CHARGING THAT A) THE NEW ATC CHARGE IS NOT COST RELATED, AND  
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B) INTERNATIONAL AVIATION IS UNFAIRLY BEING FORCED TO CROSS-SUBSIDIZE OTHER ATC USERS WHO ARE NOT PAYING THEIR FAIR SHARE; AND FURTHER, THAT THE CAA OPERATING COSTS (PARTICULARLY LABOR) ARE QUESTIONABLE AND UNNECESSARILY HIGH.

2. THE U.S. AIRLINES REFUSED TO PAY THE INCREASED CHARGE

AND PAUL ROBINSON OF THE CAA WROTE PA AND TWA IN MARCH (ENCLOSURE C REF. B) THAT THE AIRLINES' COMPLAINTS WERE UNJUSTIFIED AND THAT THE CAA DEMANDED FULL PAYMENT. THE

CARRIERS DECIDED TO PAY THE CHARGE "UNDER PROTEST" BY THE JUNE 13 CAA DEADLINE, BUT THEY HAVE INCLUDED A PROVISIO THAT THE U.S. AIRLINES MEET WITH THE CAA TO DISCUSS THE SHANWICK ATC CHARGE. THE CAA HAS BEEN RELUCTANT TO MEET WITH THE U.S. AIRLINES, PREFERRING TO USE THE IATA ROUTE. HOWEVER, PAN AM APPEARS CONFIDENT THAT THE CAA WILL MEET WITH THE U.S. AIRLINES SOMETIME IN JUNE.

3. PA, TWA, AND SBW MET WITH USG OFFICIALS IN MARCH TO DISCUSS THE U.K. ATC CHARGE AND A RELATED INCREASE IN SHANWICK COMMUNICATIONS CHARGES ASSESSED BY THE IRISH GOVERNMENT. A CABLE (REF. A, REPEATED HERE FYI) WAS SENT TO U.S. EMBASSY WHICH RELAYED USG CONCERNS TO IRISH AVIATION AUTHORITIES. A MEETING WAS HELD WITH THE IRISH IN APRIL AT WHICH THE AIRLINES QUESTIONED THE APPROPRIATENESS OF IRISH AVIATION COSTS AND USER CHARGES. THE AIRLINES REPORT LITTLE TANGIBLE SUCCESS BUT WERE PLEASED THAT THE MEETING HAD BEEN HELD.

4. THE U.S. AIRLINES HAVE REQUESTED THAT SIMILAR ACTION BE TAKEN WITH THE CAA. AS YOU ARE AWARE, THE DEPARTMENT OF TRANSPORTATION, (DOT) HAS A STATUTORY RESPONSIBILITY LIMITED OFFICIAL USE

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UNDER THE FAIR COMPETITIVE PRACTICES ACT (FCPA) TO INVESTIGATE FOREIGN USER CHARGES AND, TOGETHER WITH STATE, TO TRY TO ELIMINATE EXCESSIVE OR OTHERWISE DISCRIMINATORY CHARGES. DOT HAS REQUESTED THAT USG CONCERN BE MADE KNOWN TO THE APPROPRIATE UKG AUTHORITIES. DOT AND DEPARTMENT ARE INTERESTED IN THE OUTCOME OF THE U.S. AIRLINES' EFFORTS AND WE WILL BE FOLLOWING EVENTS CLOSELY.

5. FYI: DOT DISCRIMINATION FINDING AGAINST THE U.K. REMAINS OUTSTANDING; THE FLIGHT DISTANCE FACTOR HAS BEEN REDUCED BUT NOT ELIMINATED. IN ADDITION, THERE IS A POSSIBILITY THAT ANOTHER FINDING MAY BE ISSUED IF THE DISPUTE OVER PEAK PERIOD CHARGES (REF. C AND PREVIOUS) CANNOT BE RESOLVED SATISFACTORILY. END FYI.

6. SUBJECT TO VIEWS OF EMBASSY AND U.S. DELEGATION TO CIVAIR BILATERAL (BERMUDA) RENEGOTIATION (IF LATTER STILL IN LONDON), PLEASE ENSURE THAT CAA IS AWARE OF USG INTEREST IN ITS PROPOSED TALKS WITH U.S. AIRLINES, REMINDING THEM THAT SHANWICK CHARGES FALL WITHIN SCOPE OF FCPA. (WE WOULD NOT REPEAT NOT WANT THIS ISSUE TO MAKE THE RENEGOTIATION MORE DIFFICULT.)

7. REF. B DOES NOT MAKE CLEAR BRITISH POSITION WITH  
REGARD TO CHARGES TO BE COLLECTED ON BEHALF CANADIANS.  
IF EMBASSY HAS NOT ALREADY DONE SO, SUGGEST YOU EXPLORE

WITH BRITISH, MAKING CLEAR THAT WE WOULD OBJECT STRONGLY  
TO BRITISH EFFORTS TO ENFORCE COLLECTION OF DISPUTED  
CANADIAN CHARGES. DEPARTMENT WOULD ALSO APPRECIATE  
LEARNING VIEW OF SEABOARD'S SOLICITORS ON THIS POINT  
(ENCLOSURE (E) REF. B). CHRISTOPHER

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